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IN

BOSTON'S ECONOMIC DEVELOPMENT PLANNING PROGRAM

302 (a) Performance Report

(Jan. 1, 1983 - Mar. 31, 1983)

City of Boston

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March, 1983

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I. DEVELOPMENT PROJECTS

A. East Boston Piers

The comprehensive planning and economic development process for the East Boston Piers project has continued steady progress within the last three months.

The project was started on August 26, 1981 when the Boston Redevelopment Authority and the Massachusetts Port Authority entered into an Agreement for the planning and development of MassPort owned property in East Boston known as Piers 1-5. The BRA became responsible for formulating a planning, development and financing program, designating parcels for development, selecting developers jointly with MassPort, entering into leases with designated developers, and monitoring the construction and development process.

The planning process has been undertaken by the BRA with the full participation of representatives from the East Boston community. A Project Advisory Committee comprised of eighteen members was formed by the BRA to jointly investigate land use and establish a sound development program for the Piers. For the past eighteen months, the PAC and BRA have been meeting and establishing the framework for such a development program.

One significant aspect of the progress within the last three months has been the selection of a consultant firm to assist in the preparation of a Master Plan and Development Plan for the project area. On December 5, 1982 the BRA advertised for Master Planning Consultant Services. Thirty-two Letters of Interest were received. Subsequently, an extensive review process of the qualifications submitted by these firms was undertaken by members from the Boston Redevelopment Authority, Massachusetts Port Authority, and the Project Advisory Committee. This review resulted in the selection of seven firms for interview, all comprised of strong teams of multi-disciplinary sub-consultants. A thorough evaluation of each firm interviewed resulted in the selection of Arthur Erickson Architects.

Mr. Erickson brings to the East Boston Piers project international experience through many years of varied urban planning experience in diverse cultures around the world, a highly creative approach to urban design, a genuine concern for the responsiveness of the final product to its human and physical environment, extensive knowledge of the planning process, deep interest and enthusiasm to work in a Boston setting, and a highly qualified team of architects, planners, economists and engineers.

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Over the next year, Arthur Erickson Associates and their sub-consultants will be working closely with the East Boston Project Advisory Committee, the Boston Redevelopment Authority and MassPort to formalize a Master Plan and Development Plan for the East Boston Harborside project area.

Efforts are now underway to establish a detailed Scope of Services and to execute a contract for the performance of services with the selected consultants. The initiation of this major step thus brings the City of Boston much closer to the realization of the multi-benefits that this project will produce including: 1) job generation for Boston residents - over 2,000 jobs are expected to be created through this development project; 2) diversifying Boston's economic base by capitalizing on the City resources of the Harbor - it is anticipated that the level of private investment in the project area will exceed \$150 million; 3) strengthening the City's tax base by securing payment in lieu of taxes from tax-exempt MassPort property - the potential taxes generated from this development project are anticipated to approach 4 million dollars; and 4) promoting and preserving the stability of East Boston as a place to live and do business.

B. Hynes Auditorium

During the last three months, the consultants who were selected to establish the program, design, feasibility, cost, parking and traffic impacts of the Hynes Auditorium expansion - Kallman, McKinnell and Wood, Inc., and Perez Associates - have completed a number of reports in addition to the plan which was finalized in October, 1982.

The reports consist of an architectural and engineering analysis of the structural, plumbing, electrical, heating, ventilation, air conditioning, and fire protection aspects of the expansion. An analysis of development costs, program phasing, parking and traffic impacts, and a furniture, fixture and equipment needs study was also carried out.

These reports were completed under the design grant which the City received from the Commonwealth under Chapter 486 of the Acts of 1980. The documents complete the work of the City and its consultants in preparing the preliminary expansion plans for Hynes Auditorium.

The City is confident that the plans which have been prepared will be able to accommodate at least 90% of the convention market. The convention and tourist industry is one of the major growth sectors in Boston's economy. With the expansion of Hynes, the City will be able to maintain and enhance its competitive position as one of the ten most popular convention cities in the country.

C. Columbia Point

The revitalization program for the Columbia Point Peninsula in Boston Harbor, carried out by the Boston Redevelopment Authority, Boston Housing Authority, and the Columbia Point Tenants Task Force, is proceeding on schedule.

The Phase I Bayside Exposition Center opened with its first gate show in January 1983. Previously an unoccupied shopping center, the 205,000 sq. ft. structure has now become the largest Exposition Center in New England providing Boston with a much-needed facility to accommodate sizeable expositions, trade and gate shows. The Garment Center (Permanent Apparel Showroom) also part of Phase I, has a scheduled opening of June, 1983. Public improvements as part of the \$3.5 UDAG received for this Phase of the revitalization are scheduled to begin in September, 1983. When the Center is completed, it is expected that 400 jobs will be created, a number of which will be filled by the Columbia Point Housing (Phase II of the Plan) tenants.

Development teams have been asked to submit bids for the Phase II Residential Development. The development proposals formally presented to the Boston Housing Authority during February, have called for a complete renovation of the project to include 1200-1600 new and rehabilitated low, moderate and upper income housing units. Support services proposed include a marina and retail facilities. The developers for this Phase II residential development are expected to be selected by June, 1983 with an application for additional public funding anticipated before the end of 1983.

D. Schrafft Candy Company

The Schrafft Candy Company, one of the largest food processors in Boston, has been in operation since 1861. Two years ago, it was closed by its former parent company, Gulf & Western, and several hundred people were left unemployed. American Safety Razor then bought Schrafft, reopened the plant and rehired most of the former employees.

Major upgrading of Schrafft's 50 year old factory in Charlestown is considered necessary for a strong competitive position and survival. As a result of an application made by the City's Economic Development and Industrial Corporation, in December of 1982, a UDAG of \$1.5 million was awarded for the planned \$6 million modernization program. The remaining \$4.5 million will be provided through private investment.

The project which will involve upgrading of the facility, modernization of equipment and employment of additional workers, will take 24 to 36 months to complete and is expected to result in a 75% improvement in Schrafft's productivity.

In addition to placing Schrafft in a strong competitive position with other candy manufacturers, the improvements will make possible the retention of 600 jobs and the creation of an additional 200 jobs, half of which will be going to Boston residents. Currently 57% of Schrafft's employees are Boston residents and over 36% are minority workers.

E. Boston Shipyard Corporation

The Bethlehem Ship Repair Yard in East Boston was closed in October of 1982 as a result of a corporate policy of closing all ship repair yards in the Boston Harbor and concentrating instead, on steelmaking.

However, since the Bethlehem facility has generally been profitable, it was acquired by Boston Shipyard Corporation for \$6,000,000 and will continue as a ship repair yard. The facility is fully equipped and ready for immediate operation. It comprises of 19 acres of land, 10 buildings, 5 piers and 2 large floating docks. It is equipped with an extensive array of machine tools making it one of the most versatile machine shops in Eastern Massachusetts.

Funding for the project has been requested through an UDAG, Massachusetts Government Land Bank, Industrial Revenue Bond Financing, and Massachusetts Community Development Finance Corporation. Private equity funds in the amount of \$1,000,000 have been committed as a non-refundable deposit against the purchase price.

The potential market for repair services is large in the Boston area comprising of U.S. Navy overhaul, military sealift command, cargo ship repair, tanker repair, small boat repair (towboats, barges, ferries), fishing boat repair, small boat construction, and machine shop.

The financial projections of the initial 5 year operations of Boston Shipyard show a positive cash flow after the initial three years. The experienced management of Boston Shipyard, which has been in business in Boston Harbor for over 100 years, and a productive labor force insures an efficient and cost effective operation.

The project is endorsed by several East Boston community groups. It is expected that it will result in the retention and expansion of permanent jobs in a community currently experiencing

high levels of unemployment, and thus will be a major source of economic revival for East Boston. The operation of this facility will also be critical for maintaining the increasing vitality of the Boston Port and the economy of Massachusetts.

F. Industrial Development Sites

Industrial development is currently being undertaken and is planned for the near future in the area served by the present Orange Line (Rapid Transit), with most of the activity concentrated in the northern portion.

This activity includes the following properties: 1) Boston Industrial Development Finance Authority assisted expansion of three companies making up approximately 4,000,000 sq. ft. of industrial space - this expansion will result in the creation of 57 jobs and the retention of 111 jobs; 2) Economic Development and Industrial Corporation owned property - the development of a 7.5 acre parcel and the expansion of industries on two other parcels will result in an estimated 650 jobs; and 3) 14 privately available sites will make possible the development of 10,060,000 sq. ft. of industrial building space resulting in a number of newly created jobs and revenues for the city.

G. U.S. Navy Homeporting

Recently, the city's economic development agency, Economic Development and Industrial Corporation, has been heavily involved in promoting Boston Harbor as the site for homeporting of a battleship and its support ships. New York is the other prime contender for the naval base which will consist of five surface action group ships and two naval reserve frigates.

Boston will submit a formal proposal to the Navy by March 1983. The Navy has indicated that it expects to make a decision between Boston and New York during calendar year 1983. The Boston proposal, responding to Navy specifics, will include the city's plans for refurbishing the 30-acre old Boston Army Base in South Boston and its 3000 feet of piers, housing and utility plans, and traffic access.

The selection of the home port will result in a \$75 million annual payroll and the location of 5,300 sailors and their families in the port city. The fleet is also expected to create at least 3,000 civilian jobs.

II. SPECIAL PROJECTS - ENERGY CONSERVATION

SAND/SAND(AQ)

In order to promote the use of energy conserving technologies, the City of Boston, in conjunction with Argonne National Laboratory, undertook two energy projects during the past several months. The projects: Energy Conservation Through Site & Neighborhood Design (SAND); and Energy Conservation/Air Quality (SAND/AQ) have now been completed and a number of reports have been submitted to the various City departments and Argonne National Laboratory for review and use.

These reports include the following: Guide to Energy Development in Boston; Site and Neighborhood Design in Boston; Proposed Energy Conservation Modifications for the Boston Zoning Code; A Developer Kit for the Development of Large-Scale Energy Systems; City of Boston Fuel Use for the Year 1980 and Projections for 1990; Innovative Energy Technologies in Boston, Mass.: Predicted Air Quality and Regulatory Effects.

III. DEVELOPMENT TOOLS

A. International Investment

Within the last three months, international investment as a development tool in Boston's economic growth has been explored and seriously considered as a viable catalyst in the economic development process. The timing of this pursuit is particularly appropriate in consideration of the increasing attractiveness of the United States, and in particular the New England region, to foreign investors. The reasons for the attraction have been substantiated in the attached previous Performance Report.

Recent efforts in this exploration have resulted in a comprehensive background paper on the strategy for attracting international investment. This paper achieved three objectives: 1) the selection of potential and target companies as possible future investors in Boston and the compilation of extensive information on these companies; 2) the discussion of the purpose and rationale for a business trip to the far east; and 3) the provision of background information on the goals and nature of individual meetings.

Boston has a number of characteristics which make it particularly attractive to the growth industries of the 1980's and 1990's. These include: an ability to survive in a recession, advanced educational and medical research facilities, an innovative high-technology industry, a highly skilled labor pool, high environmental quality, a well-developed infrastructure, easy accessibility and good market location, and soon in operation a unique integrated system capable of supporting all the communication and analysis requirements of modern financial, research, and communication based industries which make up the fastest growing sectors of the national and international economies.

B. Enterprise Zone

The utilization of the enterprise zone concept as a development tool continues to be given serious consideration in the economic development program of Boston. Currently Economic Development and Industrial Corporation, Boston Redevelopment Authority, Neighborhood Development and Employment Agency and Inter Governmental Relations are jointly reviewing the scope of legislation to be proposed by the City of Boston. The committee is looking closely at how existing programs could be used to attract business to an Enterprise Zone.

